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Financial Planning for Retirement - A Behaviour study of Private Sector Employees Andhra Pradesh-India

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ABSTRACT

This study examines how employees in the private sector plan for their retirement with an emphasis on risk tolerance, delay, cognitive biases, and financial certainty. Given the importance of retirement planning for long-term financial security, it is critical to comprehend the behavioral factors impacting these choices. The study looks at how present bias, anchoring, and overconfidence are examples of cognitive biases that impair employees' capacity to make wise retirement planning decisions. It also looks at the effects of postponement practices, which are when people put off retirement planning or saving, and how this can seriously harm one's capacity for managing money. The present research examines the determinants such as risk tolerance, retirement preparation, emphasizing the means of different risk appetites affect investment selections and savings trends. Since the capacity to plan ahead and make wise judgments is closely linked to financial confidence, financial confidence is also evaluated. Employing a mixed-methods approach, the study gathers information from employees in the private sector through surveys and interviews, offering insights into their beliefs, attitudes, and retirement-related behaviors. The main emphasis on exploring the primary variables such as behavioral hindrance and facilitators providing suggestions to improve financial readiness among employees in the private sector. This study advances our knowledge of behavioral finance and offers useful information that financial advisors, employers, and legislators can use to support sensible retirement planning practices.

Keywords: Behavioral Finance, Retirement Planning, Risk Tolerance, Financial literacy Financial Confidence and Private Sector Employees.

INTRODUCTION

The social economics of industrialized and developing nations have diverged significantly over the past century (Jaafar et al. 2019; Liu et al. 2021). The financial security of employees as well as their working lives prior to and following retirement has been impacted by these developments (Bacova et al. 2018). These variations lead to a number of problems with retirement plan preparation, including financial illiteracy, an ageing respondent (e.g., longer time expectancy & lower rate of reproduction). The global populace may increase 9.9 billion by 2050, up 2.3 billion or 29 % as of projected 7.6 billion people at present. Conferring to Population Reference Bureau (PRB) forecasted that by the year 2018 old population above 65 constituting total populace increased to 5 %, in the year 1960 by 9 %, in the year 2018 and it is expected to rise to 16 % by 2050.

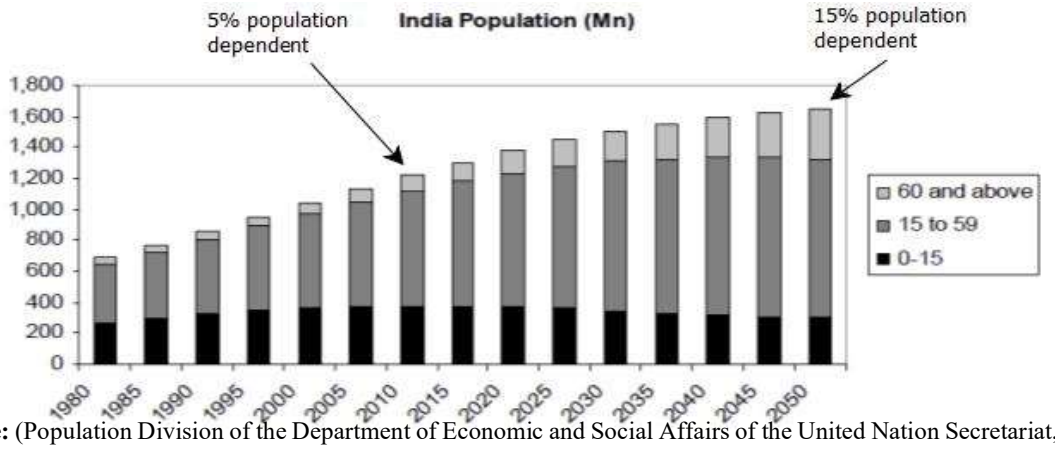
Every society faces challenges as a result of the ageing population. The aging population is the most challenging issue facing by the entire world in this present twenty-first century. All most all nations in the global experiencing increase in the older population. This research examined the relationship between the factors such as the financial literacy level of employees, their confidence level and financial preparedness of the employees for retirement. Hence, researcher explores the facts that by what means employees in private sector plan for their retirement. Interestingly the results of the analysis showing that a positive correlation among demographic factors,

savings pattern, financial literacy, financial behavior with its retirement confidence. Tan et al. (2020) noted that the current drop in fertility the rate and the rise in life expectancy have contributed to a higher pace in increasing elderly populace than the young population. In order to have a stable financial future after retirement, many developed and developing countries are now very concerned about financial planning for retirement (FPR) (Henkens 2022).

BACKGROUND OF THE RESEARCH –INDIAN CONTEXT

According to the data that the 90 % of the Indian populace belonging to the age of 60 years. However, the resent study predicts that the old population in India increased by 8.9% to 19.4% by the end of 2050 and moreover there is probable increase in 80 %. The United Nations World Population Prospects, forecasts that by the end of 2050 the population in India reaches above 60 years.

Figure 1: India Population by age 1980-2050 (Million)



Source: (Population Division of the Department of Economic and Social Affairs of the United Nation Secretariat, World Population Prospects)

CURRENT PENSION SCENARIO – PRIVATE SECTOR

Pension security is the major issue that distresses the human being around the globe. The prominent factors such as economical, demographical and political factors paly a pivotal role in the retirement pension system in a country. The decision makers around the globe have understood that the significance of refining the pension system and have established procedure to provide social security to safeguard the people at the time retirement, resignation, retrenchment and death of bread earner of the family or impairment. Over 78.5% of India's employees are working in the private or unorganized sector. According to CPS (Contributory Pension Scheme) in India, the employee contribution funded by the employer to employee contribution. In the organized sector the workforces is recruited by the central and state government. Further, the private sector enterprises constituted around 21.5%, of which 7.2% are owned by government or public sector and rest of 14.3% are private sector. (Economic Census – 2014). Further, the most of the population is not considering under the NPS National pension Scheme. Only12% of the employees in India benefiting government National Pension Scheme. Thereby still 88% of the workforce not benefiting and also not accessing to any type of retirement benefit and solely depending upon savings and informal methods for their retirement. The private sector employees are entitled to get benefit from the Employees' Pension Scheme (EPS) on accomplishment of some terms and conditions.

- Final Salary Defined Benefit Schemes: created on the final earnings
- Career Average Defined Benefit Schemes: based on the average earnings throughout the career
- Defined Contribution Schemes: based on the value of the pension fund at retirement.

Ageing population coupled with nuclear family system and partial coverage of the existing benefit schemes for organized sector and increasing unorganized sector employees not covered under any pension plan makes it of larger importance for India to design a robust pension system to avoid poverty in old-age associated with social distress

RETIREMENT – INTRODUCTION

Retirement is an occasion where employee reaches superannuation and which affects the personal, social and economic level. Otto von Bismarck, German Chancellor in 1889 established the concept of retirement for disabled workers by age and have a well-grounded claim to care from the state. It is the point where a person is withdrawn from active working life and is not in any kind of employment, business or occupation. Retirement is transition period to all the individuals and they may involve themselves in working as a part-time employee or starting a small business. Further it is for others to provide financial support for their family members, old parents, paying taxes and to meet medical expenditures etc. Retirement is often used interchangeably with financial independence, as both are achieved minimum savings, investing on fixed income to have better retirement life.

RETIREMENT PLANNING: CONCEPT AND SIGNIFICANCE

Saving for retirement is extremely important. Every human being preferred to have better and happy retirement life. Every nation has their own way of accomplishing the retirement systems and its differs from public to private sector employees Paul C. Nutt (2005) and Hassan et al. (2015). According to the data only 11% of the India population benefiting conventional National Pension Schemes. Generally the public sector employees who joined prior to 2004 eligible to get monthly retirement pension regularly. Further, the employees who joined after July 1st 2004 as a public as well as private employees are not eligible to get regular pension benefit. Under such conditions it is a vital to have certain retirement schemes. Retirement Planning in India has gained a lot of importance lately among the working population, its significance has never been as greatly felt as it is now. Therefore, employee seeks to spend the post retirement life with profound happiness. Financial Planning for Retirement covers series of activities to accumulate affluence protection for basic requirements after post-retirement life.

RETIREMENT PLANNING PROCESS

To ensure a secured life after retirement, it is important to have a well-designed and realistic retirement plan. In the Indian context, one cannot retire before fulfilling their household duties. Therefore, the retirement planning process in India is a holistic process covering; savings, tax and investment; debt and risk management and estate planning. Retirement planning process varies from individual to individual. Retirement planning is a planning of an individual to have a better post retirement life with which to meet aspects of life peacefully after rendering service to the nation. Basically, it is a choice of an individual how to spend their post retirement life.

BEHAVIORAL FINANCE AND RETIREMENT PLANNING

Investment decisions are the crucial challenges faced by the investors. An individual needs better way of thinking and understanding future life with a broad meaningful perspective and to have confined financial skills and ability to get returns on their investments. Life style of each individual differs from one another due to their age, education, family structure and financial independence and psychological factors with respect to finance. The present study attempts to study the savings pattern and planning behavior of the employees of private sector and their level of financial literacy and retirement confidence.

CRITICAL ISSUES IN RETIREMENT PLANNING

Determinants of Retirement Planning

Several research studies revealed that individual's planning for retirement is affected by several demographic and psychological factors. Moorthy et al. (2012) concluded age, qualification, level of income, aim in life, approach toward retirement and possible struggle in retirement are the features prompting the retirement planning behaviour. According to Ares et al. (2015) the demographical, psychological as well as the social factors play a positive role towards retirement savings..

Age: Several researchers opine that considering the age of the employee has further impact on retirement planning and decisions. Harris *et al*., (2002); DeVaney and Chiremba, (2005) stated that human behaviour with regard to age of the employee is one of the most reliable factor to start for retirement planning. DeVaney (1995) said that the age itself directs an individual to starts processing the plan for retirement. Lee and Law (2004) said that when

an employee reaches to certain age and income the self-motivation play a vital role towards retirement planning

Education: Extensive research studies were conducted that the factors such as the qualifications and awareness of the individual distressing the retirement planning process. (Hogarth, 1985; Joo & Pauwels, 2002) Joo & Pauwels (2002), concluded that the evidence obtained from the individuals, the aim and purposes certainly influence on better retirement planning and moreover the confidence levels also increase with the level more qualifications.

Gender: Number of studies revealed that **a**long with age and education the gender of the employee also plays a dynamic part in retirement planning. Yakoboshi and Dickemper (1997), from their study observed that gender is a major significant feature for retirement planning as the gender differs in their views and expectations. Lusardi & Mitchell (2008) concluded that considering with the gender men are well organized for their retirement planning than the women. Glass and Kilpatrick (1998) revealed that basically women are having insufficient financial literacy and knowledge hence, their preparedness towards retirement planning is inadequate.

Marital status. Shelly.J Lundberg and Ward-Batts, (2000); Johannisson, (2008) concluded that individual family structure play a major role in deciding the investment. Especially the married individuals with regular income generally less considered for retirement and more saving for the future betterment. Lusardi (2001) stated that most of the marital status of the individual shows negligible percentage ended with investment decision on retirement planning.

Income: Income status is conceivably another imperative variable for retirement planning. Richardson & Kilty (1989) has concluded that income as a wealth resource is important in retirement preparation work. However, identifying enough income at the time of retirement age is big challenge for many employees. Ruhm (1989), stated that preparedness for retirement differs from individual to individual as well as level of income. Joo and Grable (2001) specified that the outlook towards in search of expert suggestions and recommendations for retirement planning is all most all based on their income status. Generally Employees with high income level inclines towards seeking the experts help with regard to investment on the other hand employees with lower income level have a less opportunity of seeking professional help investment decisions.

Retirement Age: The retirement age of public sector employees is been fixed by the government, but there is no fixed retirement age for private sector working individuals.

Tan Hoe Kock & Folk Jee Yoong (2011) concluded that all the studies on retirement age shows that the employees are physiologically prepared themselves for the fixed retirement age. In some cases, willingness of the employee's regard to voluntary retirement and adverse health conditions have been associated with market labor shock (Anderson et al., 1986; Disney and Tanner, 1999; Loughran et al., 2001)

Therefore, above discussions gives rise to a thought in the mind of the researcher that in what way does these demographical factors such as age, qualification, gender, income status, marital and fixed retirement age affect the various practices followed by individuals for retirement planning

LITERATURE REVIEW

Hershey et al. (2013) created a customized report of Blumberg et al. (1982) "Capacity-Willingness-Opportunity Model" for performance of job. The CWO model designed to established with few sets of elements that support workforce to invest more efficiently and effectively in view of post retirement savings. These dimensions consist of an opportunity, an ability and willingness which help in distinguishing the individual level of awareness, skills for savings, investment, and planning for retirement are included in the capacity dimension (Hershey et al. 2013; Topa et al. 2018a). People might be inspired and motivated for planning and savings for retirement by the psychological and emotional components that make up the willingness dimension. Finally, factors that have an external influence, like parental influence, are comprised with opening element. The CWO model's opportunity dimension is culture; the ability and willingness dimensions are represented by both financial risk tolerance and literacy, respectively. Alicia H. Munnell et al. (2018) from their research explored that the varying in retirement life requires an employee to accumulate more savings. A number of changes are to be made with the prevailing plans for the better life by attractive transferability and conventional small savings account. S. Whelan et al. (2018) insight into the tax system and housing plan play a vital role in retirement planning and its importance. Lusardi and Mitchell (2007) evaluated financial knowledge of the workers during their major annual earning as part of the key financial decisions. The study revealed financial knowledge is more important through awareness programme

For a number of reasons, suggested using the model to understand the FPR behaviors of employees. Firstly, its intended application is for FPR interpretation only. Second, by incorporating additional variables to fully appreciate the motivating impacts of the determinants, the model's dimensions enable a detailed understanding the financial behaviors of the retired employee. Furthermore, it is ideal to study different economies in varied cultural and political situations since the model can adapt according to the changes in over a period of time which indicating the steadiness of tendencies for transformation throughout maturity (Hershey et al. 2012). First and foremost, the CWO model outperforms other FPR models in terms of weaknesses (Ghadwan et al. 2022). It assesses the relationship between FPR and factors in multiple sectors at the same time.

Richard Boyatzis (2006) created the ICT, It provides the current investigation's theoretical foundation. Boyatzis (2019) the combination of ICT enabled capacity, willingness, and opportunity model elements could lead to a better understanding of the causes, processes, and impacts of FPR (Hershey et al. 2012). Prior to a person being prepared for financial pressure relief (FPR), the capacity component, which takes cognitive factors into account, can predict a sustained shift brought about by financial knowledge and expertise (Topa et al. 2018a). In order to make the various financial decisions that must be made prior to retirement, a person planning for retirement has to possess certain financial knowledge and skills. Research like People's economic choice throughout the transition period from academy to a profession and beyond superannuation are influenced the level of financial knowledge with their individual investment, according to research by Lusardi (2019). Individuals base their financial decisions in life on their knowledge and aptitude in finance, as well as their comprehension of personal finance.

Further, the critical decision making with regard to financial knowledge and retirement planning (Gallego-Losada et al. 2022). Numerous research studies are explored in western countries describing financial literacy and retirement planning especially emerging countries like United States of America (Lusardi et al. 2011a), Canada (Boisclair et al. 2017), Poland (Swiecka et al. 2020), Saudi Arabia (Alyahya 2017) Malaysia, and Brunei (Salleh et al. 2020).

Financially literate people were assumed to have more advanced retirement planning skills since they could calculate and were more aware of the compound interest effect (Hutabarat et al. 2020). In view of enhancing wealth of the financial well-being for the future, having other financial resources to create income in addition to social security and pensions is beneficial (Palací et al. 2018). Gaining proficiency in these areas enables people to handle and comprehend money resources with efficiency, which has to be reflected in their overall wellbeing. Sarigul (2014) demonstrated how financial literacy enables people to manage their income and expenses by utilizing a variety of financial tools and instruments, thereby increasing their wealth and financial stability. Therefore, it is more important than ever to assess people's basic financial knowledge and its impact on retirement planning (Lusardi 2019).

Lusardi (2008), everyone should be aware of the fundamentals of personal financial planning, including misapprehension of money, cumulative time value of money, inflation, present value of money and proficiency. Further, the quantity of research, some studies have shown how adequate basic financial literacy is and how strongly it positively correlates with FPR (Boisclair et al. 2017). On the other hand, advanced financial literacy covers a wide range of subjects, including mutual funds, stock market, financial Markets and its influence on coupon rates of interest on securities and its significant relationship between risk and returns.

Baker et al. (2020) discovered the substantial optimistic correlation solely among advanced financial literacy with its FPR. The retirement planning and basic financial literacy were not found to be significantly correlated (Baker et al. 2020). These consequences infers that the literature on financial studies produced varying results. The premise of this review is supported by research showing a constructive relationship between FPR and financial literacy.

RESEARCH PROBLEM

A crucial component of personal financial management is retirement planning, but many workers in the private sector are ill-prepared, which could leave them vulnerable to financial instability in their later years. Even with the abundance of financial products and consulting services available, a sizable section of private sector workforce not willing to participate in retirement planning. Numerous variables, such as a lack of financial awareness, a short-term financial emphasis, procrastination, and cognitive biases that impede long-term planning, can be blamed for this behavior. The problem is made worse by the irregular availability of employer-sponsored

retirement benefits like pensions and retirement savings plans, which force workers to depend entirely on their own personal saving efforts. The lack of knowledge on how behavioral factors, such risk aversion and attitudes towards saving, affect retirement planning decisions exacerbates the issue even more. Therefore, this study focuses on investigating financial behavioral elements in view of identify the obstacles that keep workers in the private sector from saving enough money for retirement and to offer solutions.

RESEARCH OBJECTIVES

- To identify the key behavioural factors of private sector employees.
- To measure the impact of key behavioural factors on financial planning for retirement of private sector employees.

RESEARCH HYPOTHESIS

- **H01:** There is no significant relationship between key behavioural factors and financial planning for retirement of private sector employees.

RESEARCH METHODOLOGY

- Reliability Test
- Exploratory Factor Analysis
- Multiple Linear Regression

RESEARCH DESIGN

To study entitled "Financial Planning for Retirement: A Behavioural Study of Private Sector Employees," convenience sampling, will be used to select participants based on accessibility and relevance. To study and analyse the data sample size of 356 number of employees are selected from the private sector for the exploratory nature and to emphasis on behavioral insights. This size strikes a compromise between the necessity for useful data and the realities of reaching employees in the private sector and resource limitations. Quick access to participants from certain businesses, professional networks, or industry events is made possible via convenience sampling. In the private sector, efforts will be made to engage workers from a range of industries, employment functions, and income levels in order to guarantee varied opinions. This strategy will yield enough information to offer some first understanding of how people plan for retirement.

RESULTS & DISCUSSIONS

RELIABILITY TEST

Table: 1. Case Processing Summary

		N	%
Cases	Valid	356	100.0
	Excluded[a]	0	.0
	Total	356	100.0

List wise deletion taking into account every variable in the process.

Table: 2. Reliability Statistics

Cronbach's Alpha	N of Items
0.805	13

The 13 statements' Cronbach's Alpha for internal consistency is 0.805, meaning that the data have an 80.5 percent reliability rate.

EXPLORATORY FACTOR ANALYSIS

KMO AND BARTLETT'S TEST

Table: 3. KMO and Bartlett's Test

KMO of Sampling Adequacy.		.814
Bartlett's Test of Sphericity	Approx. Chi-Square	1838.311
	Degree of freedom	66
	Significance	0.000

The KMO-Bartlett's test must be executed to confirm the eligibility of the data before factor analysis can

begin. This test measures the multivariate normality and sampling adequacy of the variables. The KMO score of 0.814 > 0.5 for this investigation suggests that the sample size was adequate. When the Bartlett's Test of Sphericity yields a value of 0.000 < 0.05, it suggests multiple normality among the variables. Hence, Factor analysis is considered to be a good method to analyze the data further.

Eigen Values

The first element is the total sum of variables included in the factor analysis and only variables will be retained out of 12 variables. For this investigation, only 4 factors are obtained by compounding the pertinent data. The Eigen value is found in the total column. Because it consistently explains the greatest variation, the first factor has the highest Eigen values. As much of the remaining discrepancy described by the subsequent factor as possible, and so on, up until the final factor. The proportion of discrepancy displays the proportion of the overall variance that is explained through every element, whereas the collective percentage shows cumulative percentage of variation described by the existing with prior components. Only 4 components in the existing study account for 60.20 percent of variance. The rotation sums of the squared loading represent the variance distribution after the varimax rotation with Kaiser Normalization. Maximizing the variance of each factor is the aim of the varimax rotation.

Table: 4. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.913	32.608	32.608	3.913	32.608	32.608	1.930	16.081	16.081
2	1.316	10.967	43.574	1.316	10.967	43.574	1.865	15.545	31.625
3	1.072	8.934	52.508	1.072	8.934	52.508	1.793	14.941	46.566
4	.923	7.692	60.200	.923	7.692	60.200	1.636	13.634	60.200
5	.875	7.291	67.492						
6	.794	6.615	74.107						
7	.708	5.902	80.009						
8	.608	5.064	85.072						
9	.554	4.615	89.687						
10	.492	4.103	93.790						
11	.381	3.172	96.962						
12	.365	3.038	100.000						

Extraction Method: PCA.

Four components have been derived based on Varimax Rotation with Kaiser Normalization. All the variables with factor loadings higher than 0.5 make up each factor. 4 were derived from a group of 12. Of the 12 variables that were utilized in the study, 4 factors were taken out. 60.200 percent of the variation in private sector employees' retirement financial planning could be accounted for by these four identified factors.

ROTATED COMPONENT MATRIX

The correlations among the factors and variables, or rotated factor loadings, are represented in the Rotated Component Matrix. The factors that have been rotated and extracted from the total factors are revealed in the factor column. These essential elements are considering as the deciding factors for the data reduction.

Table: 5. Rotated Component Matrix

Statements	Component			
	1	2	3	4
I often delay starting or updating my retirement savings plan.	.772			
I tend to prioritize immediate expenses over saving for retirement.	.760			
I am comfortable taking financial risks to achieve higher returns for my retirement savings.	.586		.537	
I find it challenging to make decisions about retirement planning, which leads to delays.		.855		

I have faith that I can choose wisely when it comes to money for my retirement.		.724		
I feel knowledgeable about the different investment options available for retirement planning.				
I prefer safe investment options even if they offer lower returns for my retirement planning.			.767	
I regularly review and adjust my retirement plan to ensure it meets my financial goals.			.623	
I avoid investing in unfamiliar financial products due to the perceived risk involved.				
I assume that my current financial situation will remain the same in the future, so I don't plan extensively for retirement.				.747
I rely heavily on advice from friends and family rather than professional financial advisors for retirement planning.				.708
I believe I will have enough time in the future to save adequately for retirement, so I don't need to start now.				.552
Extraction Method: PCA. **Rotation Method:** Varimax with Kaiser Normalization.				
a. Rotation converged in 7 iterations.				

The association among each component and variable that were retrieved is shown in the matrix above. Every variable is often heavily weighted towards one component lower weighted with the others. To finding the factor that are included in each component, the factor with highest value in each row selected as a portion of the related factor. The value in each row are highlighted, with the exception of low loading variables to divide the 12 variables into 4 key factors.

LINEAR REGRESSION

A multiple regression technique, the impact of the independent components was ascertained cognitive biases, postponement, risk tolerance, and financial confidence) on the dependent variable of private sector employees' financial planning for retirement.

Regression table 6: uses the following statistics to provide an overview of the model's performance.

Table: 6. Model Summary

Model	R	R-Square	Adjusted R Square	Standard Error of Estimate	Durbin-Watson
1	.660[a]	.711	.602	5.210	1.980
a. Predictors: (Constant), Cognitive Biases, Postponement, Risk Tolerance, Financial Confidence.					
b. Dependent Variable: Financial planning for retirement of private sector employees					

Regression table 6: uses the following statistics to provide an overview of the model's performance.

- **R:** R denotes the multiple correlation coefficients, which has a range of -1 to +1. It is possible to draw the conclusion that considerable positive relationship between the primary behavioral traits with financial planning retirement of private sector employees given the R-value of 0.711.
- **R Square:** The coefficient of determination, or R^2, is a number between 0 and 1. The retirement financial planning of private sector employees is supported by the R square value of 0.60
- **Durbin-Watson statistic:** Based on Table 6 above, the Durbin-Watson statistic value is 1.980. It is getting close to the usual value of 2. The outcome of the result assumed to be likely satisfied.

Table: 7. Analysis of Variance

Model		Total Squares	Df.	Square Mean	F	Significance
1	Regression	137.666	4	34.416	23.503	.000[b]
	Residual	513.983	351	1.464		
	Total	651.649	355			

a. Dependent Variable: Financial planning for retirement of private sector employees.
b. Predictors: (Constant), Cognitive Biases, Postponement, Risk Tolerance, Financial Confidence.

The regression model's F statistical data significant at 0.05 levels, according to the ANOVA (Table 7), suggesting that the regression equation has a decent fit. The model has statistical significance.

Table: 8. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	P Value
		B	Std. Error	Beta		
1	(Constant)	1.349	.260		5.187	.000
	Risk Tolerance	.005	.071	.075	4.076	.001
	Postponement	.098	.076	.081	2.295	.021
	Financial Confidence	.111	.075	.095	1.469	.000
	Cognitive Biases	.570	.064	.468	8.876	.000

a. Dependent Variable: Financial planning for retirement of private sector employees.

Standardized regression coefficients in Table 8 indicate the impact's size and direction (positive or negative). Therefore, hypothesis is framed in order to validate and estimate the substantial influence of vital behavioral elements and its impact on the retirement financial planning of the private sector employees, it additionally includes t and significant values.

This model's multiple regression equation is:

$$Y\ (\text{Financial planning for retirement of private sector employees}) = 0.075\ (\text{Risk Tolerance}) + 0.081\ (\text{Postponement}) + 0.095\ (\text{Financial Confidence}) + 0.468\ (\text{Cognitive Biases}) + 1.349\ (Constant)$$

$H0_{1.1}$: There is no significant relationship between risk tolerance and financial planning for retirement of private sector employees.

Table 8 displays a beta value of 0.075, indicating a positive influence of risk tolerance on private sector employees' retirement financial planning. Given that the significance value is 0.01 and the T value is 4.076, these values are less than 0.05. Hence, null hypothesis $H0_{1.1:}$ stating that there is no significant relationship between risk tolerance and financial planning for retirement of private sector employees is rejected.

$H0_{1.2:}$ There is no significant relationship between procrastination and financial planning for retirement of private sector employees.

Table 8's beta value of 0.081 demonstrates that postponing has a positive effect on private sector employees' retirement financial planning. Given that the significant value 0.021 and T value 2.295, both are less than 0.05. Hence, $H0_{1.2}$: null hypothesis is rejected and implied that there is no significant relationship between postponement and financial planning for retirement of private sector employees.

$H0_{1.3:}$ There is no significant relationship between financial confidence and financial planning for retirement of private sector employees.

Table 8 displays a beta value of 0.095, indicating a positive influence of financial confidence on private sector employees' retirement financial planning. Given that the significant value 0.000 and T value 1.469, both are less than 0.05. Hence, $H0_{1.3:}$ null hypothesis is rejected and stated that there is no significant relationship between financial confidence with financial planning for retirement of private sector employees.

$H0_{1.4:}$ There is no significant relationship between cognitive biases and financial planning for retirement of private sector employees.

Table 8 displays a beta value of 0.468, indicating a positive influence of cognitive biases on private sector employees' retirement financial planning. Given that the significance value 0.000 and T value 8.876, both are less than 0.05. Hence, $H0_{1.4:}$ null hypothesis rejected and stated that there is no significant relationship between cognitive biases and financial planning for retirement of private sector employees.

FIGURE 2: HISTOGRAM AND NORMAL P-P PLOT

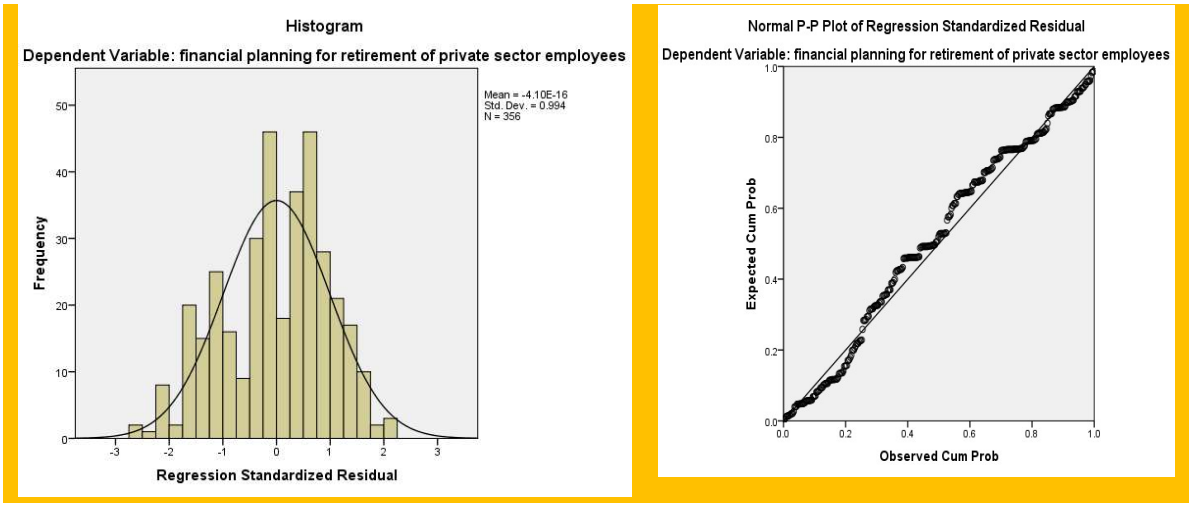


Figure 2: Histogram of residuals' shows a histogram with normal overlay of the distribution of the residuals. Normal P-P plot, the distribution is considered to be normal to the extent that the plotted points match the diagonal line.

SUGGESTIONS

- Poor financial decisions can result from cognitive biases such loss aversion, anchoring, and overconfidence. Workers can overestimate their prospective earnings or level of financial literacy, which would result in insufficient savings. Designing treatments that lessen the effects of these biases, including financial education and planning tools, can be made easier by being aware of them.
- Delaying financial planning can cause retirement savings to accumulate more slowly, which could leave you with insufficient money when you retire. Comprehending the reasons for postponement aids in formulating tactics such as automating enrolment in retirement schemes or establishing default savings rates to offset this inclination.
- An individual's investing decisions are influenced by their risk tolerance, which has a direct bearing on how much their retirement savings increase. Low-risk investors may choose safer but lower-yielding options, which could cause them to fall short of their retirement objectives. These data can be used by financial advisors to customise investment portfolios that strike a balance between risk and growth based on an individual's risk tolerance.
- Having financial confidence affects one's propensity to plan for retirement and make wise investment choices. Overconfidence can lead to dangerous actions made without enough knowledge, while low financial confidence might cause people to avoid planning entirely. Providing employees with accessible advisory services and education to boost their financial confidence will encourage them to plan for retirement more proactively.

CONCLUSION

The study "Financial Planning for Retirement: A Behavioral Study of Private Sector Employees" concludes by showing that employees' retirement planning behaviors are significantly shaped by behavioral factors like risk tolerance, procrastination, financial confidence, and cognitive biases. Workers' investing decisions are influenced by their different risk tolerance levels, which may have an impact on their long-term financial results. The necessity for automatic enrolment and contribution features to promote prompt action is highlighted by the fact that procrastination frequently results in delayed or insufficient retirement savings. The desire of employees to participate in proactive retirement planning is significantly impacted by their financial confidence, highlighting the significance of comprehensive financial education and advisory services. Furthermore, cognitive biases like present bias and overconfidence can result in poor financial judgments, calling for remedies like behavioral nudges and decision aids. By addressing these variables with focused tactics, employers can improve their workers' retirement readiness, which will ultimately result in more stable financial prospects. Fostering effective retirement planning among employees in the private sector requires a comprehensive approach to recognizing and managing behavioral effects.

SCOPE FOR FURTHER RESEARCH

- Future studies might examine how private sector workers approach retirement compared to their public sector or self-employed colleagues, highlighting variations in risk tolerance, financial knowledge, and access to retirement benefits.
- Researching the effects of focused interventions, like digital tools or financial education programs, on reducing cognitive biases and delay in retirement planning may provide useful advice for legislators and employers.
- Researching the effects of culture on financial planning or extending the study to other areas may provide light on how retirement habits are shaped by regional norms and beliefs.
- Subsequent research endeavors may delve into the function of financial technology (Fin-Tech) remedies, like robo-advisors and mobile applications, in augmenting financial assurance and optimizing the efficacy of employee planning.

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